HRSIC TRAVEL BRANCH – REVIEW (AUDIT) PLAN

EXAMINATION REQUIREMENTS

General.

Overall guidelines for the administrative examination of disbursement vouchers is set forth in Title 7 of the General Accounting Office (GAO) Policy and Procedures Manual. These types of reviews are typically divided into either pre- or post-payment examinations. The prepayment phase is needed because internal controls are provided through administrative reviews made by approving officials prior to payment. The post-payment examination is utilized with our Unit Travel System (UTS) software which provides supervisory review and automated edit checks. The overall scope of pre- and post-payment reviews is to ensure propriety of the voucher, legality of the disbursement, and accuracy of the facts stated in the vouchers and supporting records. The following paragraphs set forth specific requirements for both pre- and post-payment examinations of disbursement vouchers.

Approving officials who rely in good faith upon valid statistical sampling procedures established and approved by the Commanding Officer HRSIC, or a designated representative, to certify a voucher for payment will not be liable for losses from the payment of a voucher not examined because of the sampling procedure used. An approving official shall not administratively examine vouchers for which he/she is responsible for approving or executing payment.

Prepayment Examination Requirements

A prepayment examination is defined as an administrative review that takes place from the time the claim is received by the travel office until the time of release for payment. The overall scope of the review is to ensure that the voucher contains the necessary substantiation and documentation for lawful and proper payment. Some specific areas that are examined include, but are not necessarily limited to, the following:

1. The payment is permitted by law and applicable regulation.
2. The required administrative authorizations and approvals for payment are obtained.
3. The request for payment is supported by basic documents.
4. The name and SSN of the payee, as verified by the data base, are correct.
5. Correct data is inputted to the automated computation systems.
6. All transactions are properly charged to the correct appropriation.
7. The appropriations are indicated as available by authorized approving officials at the time to support the disbursement.
8. Special certificates or receipts are furnished and attached to the disbursement documents, as required.
9. Duplicate payments are prevented through proper material or automated edits and checks.

Post-Payment Examination Requirements   A post-payment examination is defined as an administrative review that takes place following the payment of a voucher. Some specific areas that are examined include, but are not necessarily limited to, the following:

1. The propriety of the voucher.
2. The legality of the disbursement.
3. The accuracy of the facts stated in the vouchers and supporting records.

GENERAL INTERNAL CONTROLS UTS

a. The **first level** of internal control in our sampling plan relies upon UTS programmed edits for entering specific travel data by the member-traveler. Where applicable, UTS will inform the member which entries (entitlements claimed) require substantiating documents to be filed. For instance, the UTS printed travel voucher will list those instances where receipts are required (all lodging and any claimed expense of $75.00 or more). The daily expense sheet will show the reimbursable method that will calculate the claim (lodging plus, actual expense, field duty, etc.). Likewise, UTS finishes claim transactions by announcing Privacy Act and Penalty statements to guard against unlawful, fraudulent claims.

b. The **second level** is the specific approval of transactions by a designated UTS Approving Official creating accountability. Individual units designate AO's but only HRSIC (TVL) can set the privilege level (AO password control). This level releases the transaction to HRSIC (TVL).

c. The **third level** of internal control commences when all Electronic UTS travel vouchers amounts are compared to the suspicious amounts table. This automated function identifies which claim entitlements above the dollar threshold for a particular item. For example, at this time the current airfare suspicious amount is $500.00. Any airfare claimed that is lower than $500.00 would pass this internal check. Electronic travel voucher transactions passing suspicious amounts will proceed to computation and release. Electronic travel vouchers that fail suspicious amounts will require special handling.

d. The **fourth level** of internal control is when Electronic UTS travel vouchers fails the third level check. Failing claims will be visually checked and reviewed to an established criteria. This criteria requires additional amplification to ensure the claim is correct and prudent. As each claim situation differs, there will be three possible solutions:

(1) Claim is suspect. After visual check and failing the established criteria, the claim will be suspended for failing a prepayment screening. The unit and traveler will be advised to forward original claim documentation and the claim will be examined. Thereafter, the claim will either be approved and released or returned in its entirety to the traveler's command for action.

(2) Claim is reasonable.   After visual check and comparison to criteria,

the claim will be approved and released for payment. Claim will not be examined unless selected randomly for post payment audit.

       (3) Claim is reasonable and over $2,500.00. After a visual check and comparison to criteria, the claim will be approved and released for payment. The complete travel voucher documentation will be requested for routine examination.

      e. The **fifth level** of internal control is the auditing criteria (shown below) established for both TDY/PCS claims less than $2,500.00 and those equal to or greater than $2,500.00. This internal control for the entire travel process is a corrective action system. The essential part of this sampling and examination process is the identification of systemic problems, trends, and corrective actions. Results are documented.

Document Retention for Examination Purposes. Travel Orders and supporting original documentation shall be maintained by the traveler for a period of 6 years and 3 months for examination purposes.

Statistical Sampling Plan.

A statistically sound percentage; e.g., of 15% of all travel claims, is the goal established. Control charts (run charts) shall be created to illustrate process effectiveness.

Claims requiring 100% Audit:

1) All TAD or PCS claims equal to or greater than $2,500.00 will be processed but 100% pre or post payment audited. All automated claims of $2,500.00 or greater will be identified by IATS or the Travel Branch ACCESS database.

* All $2,500.00 or greater claims submitted via UTS will be flagged for audit. A request for all required documentation for audit will be requested from the member. It is expected that the audit package will be mailed to HRSIC (audits) within 2 working days.

2) All examiners who are outside "acceptable experience threshold" shall have their claim blocks, UTS or Manual Submissions (including fax submissions), approved prior to disbursement.

Statistical Sampling:

Claims shall be randomly selected and reviewed for accuracy. The result of these audits shall be extrapolated to identify monthly accuracy and expenditure discrepancies. Efforts will be targeted to improvement where dictated by trend analysis of the data. (See reporting requirements below). Upon random review, if repeat errors are noted in the block being reviewed, a more extensive review of that block would be made.

Instructions for Sample Size Determination, Selection, Review Criteria and Reporting Requirements

Preparing to Select Claims for Review

Before selecting the sample, a reasonable count must be obtained of the number of claims processed for the current month. This count will be collected via an automated count of processed claims through the Access Database. Some of the claims selected may have been audited/reviewed in the prepayment or post-payment phase, as mandated by current regulatory requirements. However, using these claims will ensure a "whole picture" of the disbursed claims processed through the Travel Branch. Claims should be separated by dollar value, Permanent Change of Station (PCS) travel and TDY travel (business, deployment and training) travel prior to review.

Selecting the Sample of Claims for Review

Automated System

An automated travel computation system, such as the Integrated Automated Travel System (IATS) or ACCESS Data base with an internal sampling feature can be used to select claims for the post-payment review if the following condition is met. The system must ensure that every claim within the defined population for a given period (e.g., TDY claims for month of September) has an equal chance of being included in the sample.

For example, if the office estimates that approximately 2,000 TDY claims (less than $2,500) will be processed for the current month, the sample size will be approximately 300. The sampling interval would be 20, in this case. A random start number from 1 to 20 would be selected, say 5 for example. Starting with the 5th claim, every 20th claim would be selected (e.g., 5, 25, 45, etc.) until the entire population had been exhausted and the total sample achieved. Note that the actual sample size may vary from the estimate. Repeat this procedure for the PCS claims of value less than $2,500 where random sampling of claims is permitted. A word of caution is in order, however. Once a sampling interval is selected, do not change the size of the sampling interval during the month. At the start of a new month, a different sampling interval may be used based on revisions to the estimated monthly population sizes.

POST (Prepayment) Review of Travel Claims

Error Identification

To obtain an accurate assessment of the entire travel process, it is imperative that claims returned to travelers for missing information identified during administrative reviews (pre-screening) prior to and following computation be annotated in such a manner to facilitate recording of errors should such claims be selected for review in the prepayment sample. Existing forms for notifying travelers of discrepancies can be used provided that such forms allow identification of discrepancies and remain with the travel claim

throughout the settlement process. For example, a traveler submits a travel claim for settlement but fails to provide lodging receipts. The travel office returns the claim to the traveler with a memo/checklist indicating that lodging receipts are needed in order to settle the claim. The traveler resubmits the travel claim (includes memo/checklist from travel office) with the requested lodging receipts. If this particular claim appears in the prepayment review sample, then the reviewer should record an error due to missing lodging receipts, in addition to any other discrepancies that may be detected on the claim.

<u>Conducting the Examination</u>

The next step is to conduct the review of the travel claims according to furnished guidelines. The Auditor's Desktop Guide denotes common discrepancies observed among travel claims prior to or post settlement. If a claim is found to contain a discrepancy not listed on the checklist, denote as a "miscellaneous error," either TDY or PCS, and specify the reason for the error in the ACCESS Audit Database. ***Be sure to include any errors on sampled claims that occurred during any prescreening phase, such as claims returned to travelers for missing receipts or signatures.*** Results from the review of every claim examined will be recorded on the appropriate memo (explanation below).

<u>Completing Reports of Examination Results</u>

Upon completion of the monthly examination, results are to be recorded using the format set forth on the attached memo template. The results of the sampled claims will provide the supervisor and higher level management officials with trends regarding the types and frequency of discrepancies found on travel claims. As we progress through the new travel reengineering process and evaluate different aspects of the system, the scope and magnitude of the prepayment sampling plan and review process will mature.

<u>Corrective Action System</u>

An essential part of this sampling and examination process is the identification of systemic problems, trends, and corrective actions. A monthly summary memorandum with examination results, graphs and any supporting narrative will be forwarded to Chief, Travel Branch by the Chief Audit Team. Based on an analysis of the examination findings, systemic problems or trends must be identified, and corrective actions implemented to alleviate current deficiencies and prevent similar future occurrences. Results will be documented.

The Auditor's Desktop Guide

The Auditors Desk Top Guide provides a list of items that should be reviewed in the pre payment or post payment phase of the travel voucher administrative examination for both Permanent Change of Station (PCS) and Temporary Additional Duty (TAD/TDY) claims. The purpose of this checklist is to ensure that the voucher has been properly completed and that all supporting documents/statements are attached. This is a "living" document and shall be maintained within the Travel Branch Public files for continual updating and access.